

## Government Affairs Update July 29, 2021

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After weeks of negotiating the Bipartisan Infrastructure Framework, an agreement was reached and the U.S. Senate voted Wednesday to bring the bipartisan deal to the Senate floor for consideration. The deal would provide over \$550 billion in new funding above baseline levels over five years for roads, bridges, transit, water, broadband, and other infrastructure programs. Here is a [Fact Sheet](#) about the deal released by the White House. In summary, the deal would continue existing core infrastructure programs with some increases, and increase funding for numerous discretionary grant programs (some new and some existing). President Biden stated that this deal is “the most significant long-term investment in our infrastructure and competitiveness in nearly a century.” However, there is still a long way to go in the process as the Senate and then House take up the actual bill in the weeks to come. Details are below, including what this may mean for Utah. Also included below are a few brief state updates.

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### **Agreement Reached**

Last night, 17 Republican Senators and all Democratic Senators voted favorably (67-32) to proceed with the Infrastructure Investment and Jobs Act after the bipartisan group of ten Senators (including Utah Senator Mitt Romney), and the White House reached an agreement on the substance and pay-fors of the bill. This breakthrough comes a month after an initial high-level Bipartisan Infrastructure Framework (BIF) was agreed upon, and after weeks of intense negotiations. This is a huge step forward as those negotiations were often on shaky ground, with the ten Senators and White House working to come to consensus on programs and funding, and the negotiators have said that everyone had to compromise. Though some summaries have been published, we still anxiously await the release of the legislative text to further dig into and understand the details.

### **Details**

According to the [Fact Sheet](#) from the White House, the Infrastructure Investment and Jobs Act (formerly the BIF) includes \$550 billion in proposed new spending above the “baseline” levels, compared to the \$579 billion proposed in the initial framework. The act is anchored with the five-year reauthorization of surface transportation programs, as it includes the transportation reauthorization bills that were previously developed and adopted by the Senate Environment and Public Works Committee and Commerce Committee, along with

the Energy Infrastructure Act and the Drinking Water and Wastewater Infrastructure Acts. The act includes the following:

- Roads, Bridge & Major Projects (\$110B)
  - Funding for core highway formula programs, including for state and local transportation
  - \$40 billion for bridge repair, replacement, and rehabilitation
  - \$17.5 billion for projects of national significance
- Passenger and Freight Rail (\$66B)
  - \$22 billion in grants for Amtrak
  - \$24 billion in federal-state partnership grants for Northeast Corridor (NEC) modernization
  - \$12 billion partnership grants for intercity rail service
- Safety (\$11B)
  - Funding for a new Safe Streets for All program
- Public Transit (\$39.2B)
  - Funding for existing transit programs, transit modernization and repair, accessibility, and zero emission vehicles
- Broadband (\$65B)
  - Grants for broadband deployment
  - Requires recipients to offer low-cost affordable plans, increases price transparency and enhances competition
  - Includes the *Digital Equity Act* to address digital redlining.
- Ports and Waterways (\$17.3B)
  - Funding to address the repair and maintenance backlog, congestion reduction, emissions reduction, electrification, and low-carbon technologies
- Airports (\$25B)
  - Funding to address the repair and maintenance backlog, congestion reduction, emissions reduction, electrification, and low-carbon technologies.
- Water Infrastructure (\$55B)
  - Funding to replace lead service lines and address per- and polyfluoroalkyl substances (PFAS).
- Power and Grid (\$73B)
  - Funding for the construction of new and resilient transmission lines for renewable energy expansion;
  - Establishes a Grid Deployment Authority for the research and development (R&D) of advanced transmission and electricity distribution technologies; and
  - Funding for demonstration projects and research hubs for new technologies.
- Resiliency (\$46B)
  - Funds to address wildfire, droughts and flooding, and improve weatherization.
- Low-Carbon and Zero-Emission School Buses & Ferries (\$7.5B)
  - \$2.5 billion for zero-emission buses;
  - \$2.5 billion for low-emission buses; and
  - \$2.5 billion for ferries.
- Electric Vehicle Infrastructure (\$7.5B)
  - Funding for EV charging infrastructure, with a focus on rural, disadvantaged, and hard-to-reach communities.

### **Pay-Fors**

Reportedly the most difficult part of negotiations for the bipartisan group and White House was coming to agreement on the so-called pay-fors. Methods like an increase in the corporate tax rate or the gas tax were never on the table for some, while methods like tougher IRS enforcement got scrapped just within the last week. However, for the agreed-upon deal, the White House release states that the plan is to be financed through a combination of redirecting unspent emergency relief funds, targeted corporate user fees, strengthening tax enforcement when it comes to cryptocurrencies, and other bipartisan measures, in addition to the revenue generated from higher economic growth as a result of the investments. There are no tax increases associated with the plan. The pay-fors have been “scored” by the Congressional Budget Office as potential uses of funding, and are as follows:

- Repurposing of certain unused COVID relief dollars (\$250B) -- notably, it is not yet clear which COVID funds will be repurposed

- Recouped fraudulently-paid unemployment insurance supplement (TBD)
- Delaying Medicare Part D rebate rule (\$49B)
- Return of unused unemployment insurance benefit supplement from states (\$53B)
- Sales from future spectrum options (\$20B) and proceeds from 2021 c-band auction (\$67B)
- 33% return on investment from future economic growth from these investments (\$56B)
- Applying information reporting requirements to cryptocurrency (\$28B)
- Extending fees on government-sponsored enterprises (\$21B)
- Reinstating certain Superfund fees (\$13B)
- Mandatory sequester (\$8.7B)
- Extending customs user fees (\$6B)
- Strategic Petroleum Reserve sales (\$6B)
- Reducing Medicare spending on discarded medication from single-use vials (\$3B)
- Extending available interest rate smoothing options for defined benefit pension plans (\$2.9B)

### What's next?

While the Senate has now agreed to consider the bill, significant work remains before final Senate action, let alone consideration by the House. It is anticipated that the bill will see proposed amendments as it receives debate in the Senate, and will still require an additional vote with a 60-vote threshold. Its fate in the House is less certain. House Transportation and Infrastructure Committee Chairman Peter DeFazio has actively spoken out against the deal as not being adequately “transformative” and has urged that policies included in the House transportation reauthorization, the INVEST act, be reconciled with the Senate and White House deal.

Meanwhile, Democratic leadership is still planning to pursue President Biden’s \$3.5 trillion American Families Plan (AFP) through the reconciliation process, which only requires 50 votes in the Senate. Speaker Pelosi, acceding to the urging of numerous members of the House Democratic caucus, has pledged that the House will not take up the infrastructure bill unless and until the Senate also passes the reconciliation bill. Numerous Republican Senators have objected to this seeming “all or nothing” approach, and it is not assured that all 50 Senate Democrats will support a partisan reconciliation bill. Democrats may need to reduce the scope of the reconciliation bill in order to secure the vote of their moderate colleagues because of the closely divided Senate, and the vote of some House members on the infrastructure bill may hinge on the passage, scope and size of the reconciliation bill.

### What does this mean for Utah?

In a [press release](#) Wednesday that shared some Utah-specific [highlights](#) of the act, Senator Romney stated, *“I’m proud to have helped negotiate this bill which includes funding that will help Utah rebuild its roads, mitigate drought conditions, fulfill critical water needs, and prepare for and respond to wildfires. It also includes funding to provide water to the nearly half of the Navajo Nation in Utah who don’t have running water and expand broadband into rural Utah. This is legislation which represents a historic investment that delivers for Utah - without raising taxes and adding to the national debt”*. We appreciate Senator Romney’s work, leadership, and partnership, along with his staff team, on this deal!

It’s important to note that unlike the multiple rounds of relief and stimulus funding by which the State of Utah and local governments received millions of dollars in flexible discretionary funding (CARES, ARPA, etc.) within a relatively short period of time, the bipartisan deal, if passed, will primarily increase funding to and will be distributed through [existing](#) formula and competitive grant programs over a five-year period.

For transportation, Utah’s nationally recognized planning and prioritization processes through [Utah’s Unified Transportation Plan](#) puts us in an advantageous position to continue investing in and potentially accelerating some projects while also maintaining a state of good repair of our existing infrastructure. This is true for State highway maintenance and construction projects managed by UDOT, transit projects through UTA, and local projects funded through federal programs administered by WFRC and Utah’s other metropolitan planning organizations.

Utah’s key transportation stakeholders -- including all of Utah’s transportation agencies,

cities, counties, and private sector organizations -- developed a shared set of [Utah federal transportation reauthorization principles](#). The infrastructure deal addresses these principles by providing certainty in funding over five years; authorizing multimodal funding; and streamlining federal review and approval processes. The infrastructure deal provides increases in funding, over a multi-year period that, if adopted, would avoid a series of short-term extensions and provide the stability that is critical for public and private-sector planning and decision making.

As actual legislative text is released, and amendments are made, we will continue to evaluate the deal's impact on Utah.

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## Key State Updates

- The Governor's Office of Planning and Budget (GOPB) released a [letter](#) and [preliminary timeline](#) for the \$50 million American Rescue Plan Act (ARPA) local matching grant program. The Utah League of Cities and Towns (ULCT) and GOPB will host a town hall on Wednesday, August 25th to provide more information about the program and process. You can register for that [here](#). Meanwhile, the \$35 million ARPA affordable housing grant program to be administered by the Governor's Office of Economic Opportunity will likely go through rulemaking next month as we wait for additional information to be released.
- The Economic Development Administration (EDA) released information for a series of ARPA funding opportunities totaling \$3 billion. The [EDA ARPA programs](#) will be implemented across the following six opportunities: [Build Back Better Regional Challenge](#) (\$1 billion), [Good Jobs Challenge](#) (\$500 million), [Economic Adjustment Assistance Challenge](#) (\$500 million), [Indigenous Communities Challenge](#) (\$100 million), [Travel, Tourism, and Outdoor Recreation Grants](#) (\$750 million), and [Statewide Planning, Research, and Networks Grants](#) (\$90 million). Communities will be able to apply for funding immediately.
- The [Utah Economic Opportunity Commission](#) (UEOC) held its inaugural meeting on Wednesday, June 30th. The UEOC is charged with developing a new economic strategy for Utah. The Incentive and Growth Alignment subcommittee meeting was last week. The subcommittee, Chaired by Representative Mike Schultz and comprised of representatives from EDCUtah, GOPB, Go Utah, SE Utah AOG, ULCT, UAC, UDOT, Utah Housing Corp., WFRC, the Utah State Legislature will continue to meet over the coming weeks and months to review and make recommendations regarding retail incentives, local option sales tax distribution, and holistic economic planning.
- Wasatch Front Regional Council, along with our partners at UTA, Go Utah, and the ULCT, will host a webinar on **August 17th** to explore one of Utah's newest development tools: [Housing and Transit Reinvestment Zones](#) (HTRZs). HTRZs, created by [SB217](#) and sponsored by Senator Wayne Harper, are designed to help Utah tackle its housing crisis by facilitating mixed-use, multi-family and affordable housing development within a [1/3-mile radius of UTA FrontRunner stations](#). You

can join the zoom call on the 17th at this [link](#), or feel free to reach out to me and I'll add you to the calendar invite.

Best,

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